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## Viewing cable 09KABUL3101, Security and Social Issues at Aynak Copper Mine

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Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

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Reference ID	Created	Released	Classification	Origin
<a href="#">09KABUL3101</a>	<a href="#">2009-10-05 13:31</a>	<a href="#">2011-08-30 01:44</a>	<a href="#">CONFIDENTIAL</a>	<a href="#">Embassy Kabul</a>

Appears in these articles:

<http://www.aftenposten.no/spesial/wikileaksdokumenter/article3992389.ece>

VZCZCXRO1805  
RR RUEHDBU RUEHPW RUEHSL  
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R 051331Z OCT 09  
FM AMEMBASSY KABUL  
TO RUEHC/SECSTATE WASHDC 1837  
INFO RUCNAFG/AFGHANISTAN COLLECTIVE  
RUEHRH/AMEMBASSY RIYADH 4309

C O N F I D E N T I A L SECTION 01 OF 02 KABUL 003101

SIPDIS

E.O. 12958: DECL: 10/15/2019

TAGS: [EMIN](#) [EINV](#) [ENRG](#) [PREL](#) [SENV](#) [AF](#)

SUBJECT: Security and Social Issues at Aynak Copper Mine  
Classified By: CDDEA Ambassador E. Anthony Wayne for reasons 1.4 (b) and (d).

¶1. (C) Summary: Problems are delaying progress on the massive Chinese Aynak copper mine project, Afghanistan's single largest foreign investment to date totaling almost USD 3 billion in infrastructural investment. While the mine has twice the police force of the rest of Logar province and benefits from nearby ISAF presence, the China Metallurgical Group (MCC ? the mine's contract holder) reports security threats are delaying progress at

the facility. Minister of Mines Ibrahim Adel blames the Ministry of Interior for not equipping the Aynak police. Meanwhile, contacts at the Ministry of Mines admit the first ten percent of MCC's USD 808 million signing bonus to the Ministry of Mines is "long gone" and cannot be used for Aynak's security. World Bank-funded technical advisors at the Ministry of Mines argue the best way to improve security is to create local employment at the mine and in auxiliary support industries. However, they express concern that MCC plans the minimum contractually-allowed local sourcing. For this reason, the Ministry of Mines is seeking ways to encourage the development of Afghan support industries to enhance security through local buy-in. End summary.

#### Background on Aynak Mine

12. (C) The Ministry of Mines awarded MCC the contract to develop Aynak copper mine in April 2008. MCC is now compiling a feasibility study for the Aynak copper mine, requiring additional on-site drilling to confirm the orebody's geology and an environmental/social assessment of the proposed project. Once the Ministry of Mines reviews the study, the mine's design, procurement and construction is projected to take another two to three years. The MCC also has a contract with the Ministry of Mines to construct a coal mine and 400MW power plant, with half the power supporting the mine and the rest going to the national grid. Reportedly, MCC has also signed a memorandum of agreement committing to lay a rail line running north and south, connecting Aynak with the proposed Hajigak iron mine and its associated coking coal mine in Bamyān province.

#### Delays Certain

13. (C) Although the mine was originally projected to begin production in 2012, observers say MCC faces at least a five year delay in bringing the mine into production. At full capacity, the copper mine is expected to produce 200 thousand tons of refined copper per year, earning Afghanistan approximately U.S. USD 450 million annually and creating over 10,000 direct and indirect jobs. An Afghan-American contractor for MCC says the mine currently contracts three local construction companies and employs 300 to 400 people. During a recent visit to the mine, however, few Afghan workers were visible. The MCC has roughly 80 Chinese employees on site. Eventually MCC estimates direct Afghan employees will number around 3000.

#### MCC Meets with Mining Minister

14. (SBU) During a September 17 meeting with Mining Minister Adel, Aynak Police Commander Mohammad Mosen, and U.S. military and civilian representatives, MCC-Aynak President Zou suggested that MCC may not build a rail line for Aynak. Minister Adel insisted that MCC has a contractual commitment to install the line, but admitted in a later aside that the rail contract had not yet been signed.

15. (C) Security quickly became the principal topic of the meeting. MCC Aynak President Zou urged Minister of Mines Adel, as representative of the Afghan government, to do more to secure the mine site. Insurgents had fired two rockets at the site the night before, and MCC officials reported they had lost several days of work due to IEDs. There were, however, no casualties in these incidents.

16. (C) The Afghan government is responsible for Aynak's security, according to an initialed copy of MCC's Aynak contract obtained by the Embassy. There are now 1500 Afghan National Police (ANP) assigned to Aynak. (Note: In comparison, fewer than 800 ANP are assigned throughout the rest of Logar province. End note.) At the same time, police at the mine have fewer than 20 vehicles. During the meeting, Minister Adel openly blamed the Ministry of Interior for not better equipping the Aynak police. Other contacts at the Ministry of Mines later reported the first USD 80.8 million of MCC's USD 808 million signing bonus to the Ministry of Mines is "long gone" and cannot be used for Aynak's security.

¶7. (C) The U.S. Task Force Spartan Commander reminded Adel the copper mine's district is the most secure in Logar province. Besides 1,500 Aynak police, there are regular ANP, Afghan National Army personnel, a Jordanian battalion, and U.S. Forces based at the district center nearby. Aynak ANP Commander Mosen welcomed an offer to conduct a few joint patrols to the surrounding villages with the Aynak ANP in the lead.

The Best Security: Local Buy-In

¶8. (C) In a separate meeting on September 19, World Bank-funded technical advisors to Minister Adel told emboffs community buy-in is the best way for MCC to achieve greater security at Aynak. The Aynak contract requires all unskilled laborers and a percentage of skilled laborers to be Afghan. The MCC is also obligated to build schools, set up a technical training center and construct a 400MW power plant with associated coal mine over the longer term. Ministry of Mines advisors point out, however, that MCC is currently doing little to create work for the surrounding villages. When asked by Minister Adel, Mr. Zou said MCC is training local farmers to grow Chinese vegetables, but he could offer no other examples of community involvement projects.

¶9. (C) Communities near the mine are frustrated few jobs are available, according to ISAF contacts. They know the mine is rich in resources but they have yet to receive any benefit and are as yet unaware that production will not commence for years. With MCC facing production delays of at least two-and-a-half years, local disappointment is likely to grow unless MCC finds a way to encourage local private sector growth to support increasing mine needs.

¶10. (C) When Zou noted MCC will import most of its supplies from abroad, Minister Adel countered that MCC is contractually required to buy locally when price and quality are comparable. (Note: The draft contract obtained by the Embassy stipulates that prices are compared before import duties are added, making it likely Chinese imports will be cheaper than local goods. MCC's disinclination to buy locally will limit indirect employment. End note.)

Comment

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¶11. (C) The U.S. is currently seeking ways to encourage Chinese government non-military support for Afghanistan. One way for the Chinese government to help Afghanistan would be to create more near-term jobs to support the Aynak copper mine and to encourage more local procurement. Chinese government projects to support the Aynak mine and create employment could focus on agribusiness (to help feed employees), transportation corridors, and finance for small businesses. We will continue to monitor Aynak's progress closely because the project's success or failure will affect future foreign investment in Afghanistan, notably the large Hajigak iron mine in Bamyan province. That project has attracted bids on a pending tender from MCC, five Indian companies, and a Pakistani/Saudi joint venture. End comment.

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